

RESOURCES FOR INDEPENDENT LIVING, INC.
Kenner, Louisiana

FINANCIAL STATEMENTS
For the Year Ended September 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

4/21/10

Melvin L. Davis
Certified Public Accountant

(A Limited Liability Company)

RESOURCES FOR INDEPENDENT LIVING, INC.
Kenner, Louisiana

Financial Statements
For the Year Ended September 30, 2009

TABLE OF CONTENTS

	Statement	Page
Independent Auditor's Report		i
Financial Statements:		
Statement of Financial Position	A	2
Statement of Activities	B	3
Statement of Cash Flows	C	4
Statement of Functional Expenses	D	5
Notes to the Financial Statements		6
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		13
Schedule of Findings and Questioned Costs:		
A. Summary of Auditor's Results		15
B. Finding – Financial Statement Audit		16
Schedule of Prior Year Findings and Questioned Costs		17

Melvin L. Davis
Certified Public Accountant

(A Limited Liability Company)
P. O. Box 73360 • Baton Rouge, Louisiana 70874
Phone (225) 774-4703 • Fax (225) 774-4509

INDEPENDENT AUDITOR'S REPORT

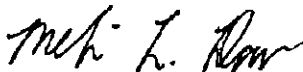
To the Board of Directors
Resources for Independent Living, Inc.
Kenner, Louisiana

I have audited the accompanying statement of financial position of **Resources for Independent Living, Inc. (RIL)**, a nonprofit corporation, as of September 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of RIL's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RIL as of September 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated April 14, 2010, on my consideration of RIL's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of my audit.



Baton Rouge, Louisiana
April 14, 2010

Statement A**RESOURCES FOR INDEPENDENT LIVING, INC.
Kenner, Louisiana****Statement of Financial Position
September 30, 2009****ASSETS****Current Assets**

Cash and cash equivalents	\$ 9,829
Grants receivable (note 3)	80,109
Accounts receivable (note 4)	27,998
Property and equipment, net (note 5)	31,936
Other assets	430

TOTAL ASSETS \$ 150,302

LIABILITIES**Current Liabilities**

Bank overdrafts	\$ 9,678
Accounts payable	43,658
Accrued salaries and payroll liabilities	45,838
Notes payable (note 7)	15,226
Total Current Liabilities	<u>114,400</u>

NET ASSETS

Unrestricted net assets	<u>35,902</u>
Total Net Assets	<u>35,902</u>

TOTAL LIABILITIES AND NET ASSETS \$ 150,302

The accompanying notes to the financial statements are an integral part of these statements.

Statement B**RESOURCES FOR INDEPENDENT LIVING, INC.
Kenner, Louisiana****Statement of Activities
Year Ended September 30, 2009****SUPPORT**

Federal grants	\$ 431,693
State grants - Louisiana Rehabilitation Services	503,199
Medicaid	454,844
Other support	<u>4,178</u>

TOTAL REVENUE AND OTHER SUPPORT	<u>1,393,914</u>
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EXPENSES

Program services	1,206,979
Management and general	<u>360,966</u>

TOTAL EXPENSES	<u>1,567,945</u>
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CHANGE IN NET ASSETS	(174,031)
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NET ASSETS AT BEGINNING OF YEAR, as restated	<u>209,933</u>
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NET ASSETS AT END OF YEAR	<u>\$ 35,902</u>
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The accompanying notes to the financial statements are an integral part of these statements.

RESOURCES FOR INDEPENDENT LIVING, INC.
Kenner, Louisiana

Statement of Cash Flows
Year Ended September 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (174,031)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities	
Adjustment - restatement of beginning net assets	7,860
Depreciation	12,759
(Increase) decrease in operating assets:	
Grants receivable	127,436
Accounts receivable	890
Other assets	1,000
Bank overdrafts	(36,371)
Accounts payable	15,494
Accrued salaries and payroll liabilities	<u>(5,334)</u>
Net cash provided (used) by operating activities	<u>(50,297)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payment on note payable	(2,800)
Decrease in borrowing under line of credit	<u>(1,697)</u>
Net cash provided (used) by financing activities	<u>(4,497)</u>
Net increase in cash	(54,794)
CASH AT BEGINNING OF YEAR	<u>64,623</u>
CASH AT END OF YEAR	<u><u>\$ 9,829</u></u>

Supplemental Disclosure:

Cash paid during the year for:	
Interest	<u><u>\$ 1,333</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

Statement D

RESOURCES FOR INDEPENDENT LIVING, INC.
Kenner, Louisiana

Statement of Functional Expenses
Year Ended September 30, 2009

Expenses	Program Services	and General	Total
Salaries	\$ 902,564	\$ 140,863	\$ 1,043,427
Fringe benefits and payroll taxes	113,212	16,904	130,116
Direct assistance	63,882		63,882
Rent	35,175	35,174	70,349
Insurance	23,495	12,651	36,146
Meetings and conferences		38,935	38,935
Travel	28,602		28,602
Professional services	1,433	22,443	23,876
Telephone	5,602	31,747	37,349
Office equipment and supplies	11,331	16,996	28,327
Postage		4,359	4,359
Utilities		4,172	4,172
Training and recruiting	1,381		1,381
Bank fees		11,287	11,287
Depreciation		12,759	12,759
Interest expense		1,333	1,333
Repairs and maintenance	8,960		8,960
Other	11,342	11,343	22,685
 Total expenses	 <u>\$ 1,206,979</u>	 <u>\$ 360,966</u>	 <u>\$ 1,567,945</u>

The accompanying notes to the financial statements are an integral part of these statements.

RESOURCES FOR INDEPENDENT LIVING, INC.

Notes to the Financial Statements For the Year Ended September 30, 2009

Note 1 – Summary of Significant Accounting Policies

A. Organization

Resources for Independent Living, Inc. (RIL) was organized as a non-profit corporation under the laws of the State of Louisiana on June 27, 1988. **RIL** was organized for the purpose of working toward promoting independent living philosophy to people with disabilities, their families, service providers, and the community at large. **RIL** promotes consumer control and provides services designed to enhance the personal, social, and vocational and economic quality of life for people with disabilities.

RIL is supported primarily through direct and pass-through grants from various federal and state agencies.

B. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. Financial Statement Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board on its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profits Organization*. Under SFAS No. 117, **RIL** is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Unrestricted Net Assets – Support, revenues, and expenses for the general operation of **RIL**.

Temporarily Restricted Net Assets – Contributions specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific accounting period.

Permanently Restricted Net Assets – Contributions subject to donor-imposed restrictions and that are to be held in perpetuity by **RIL**. Generally, the donors of these assets permit **RIL** to use all or part of the income derived from the investment of these contributions.

At September 30, 2009, **RIL** had no temporarily or permanently restricted net assets.

RESOURCES FOR INDEPENDENT LIVING, INC.

Notes to the Financial Statements

For the Year Ended September 30, 2009

D. Support and Revenue

RIL receives grants from the Federal and State Departments of Education, Louisiana Department of Social Services, Louisiana Rehabilitation Services and the Louisiana Department of Health and Hospitals. The support received from the Departments of Education and Social Services are recognized on a "funded" basis. Medicaid support received from the Department of Health and Hospitals is recognized on a "fee for service" basis.

E. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, RIL considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents. RIL had no cash equivalents at September 30, 2009.

F. Grants Receivable

The grants receivable are stated at the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for allowance for doubtful accounts. Management believes that all receivables are collectible.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Property and Equipment

Acquisition of property and equipment in excess of \$1,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Office furniture and equipment	5 years
Vehicles	7 years

Depreciation expense was \$12,759 for the year ended September 30, 2009.

I. Income Taxes

Income taxes are not provided for in the financial statements since the RIL is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

RESOURCES FOR INDEPENDENT LIVING, INC.

Notes to the Financial Statements

For the Year Ended September 30, 2009

J. Contributions

Contributions are generally recorded only upon receipt, unless evidence or an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value for the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

K. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

L. Compensated Absences

RIL employees are entitled to paid vacation, sick and personal days off depending on their length of service. Short-term leave (sick and personal) may be accumulated and carried forward to subsequent periods up to a maximum of 240 hours. However, employees are not paid for any earned but unused short-term leave at termination. Also, vacation days may not be carried over from year to year and employees may not receive compensation in lieu of time off. However, employees will be paid for any earned but unused vacation leave if termination occurs on or before the end of the fiscal year.

Note 2 – Concentration of Credit Risk

At September 30, 2009, **RIL** had bank balances totaling \$9,829 on deposit in financial institutions located in Louisiana. All of the banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At September 30, 2009, **RIL** had not uninsured cash balances.

The primary funding sources of **RIL** are various direct and pass-through grants from federal and state agencies. If the amount of grants received fall below contract levels, **RIL's** operating results could be adversely affected.

RESOURCES FOR INDEPENDENT LIVING, INC.

Notes to the Financial Statements

For the Year Ended September 30, 2009

Note 3 – Grants Receivable

As of September 30, 2009, grants receivable in the amount of \$80,109, were due from the following governmental agencies:

United States Department of Education	\$ 454
Louisiana Department of Social Services, Louisiana Rehabilitation Services	<u>79,655</u>
Total	<u>\$ 80,109</u>

Note 4 – Accounts Receivable

RIL is a provider of supported living and personal assistance services under Medicaid contracts. Amounts receivable for Medicaid contracted services were \$27,998 as of September 30, 2009.

Note 5 – Property and Equipment

	Balance October 1, 2008	Additions	Deletions	Balance September 30, 2009
Property and equipment:				
Furniture and equipment	\$ 86,984	-	-	\$ 86,984
Vehicles	65,092	-	-	65,092
Total property and equipment	<u>152,076</u>	<u>-</u>	<u>-</u>	<u>152,076</u>
Less accumulated depreciation for:				
Furniture and equipment	71,422	\$ 5,810		77,232
Vehicles	35,959	6,949		42,908
Total accumulated depreciation	<u>107,381</u>	<u>12,759</u>	<u>-</u>	<u>120,140</u>
Property and equipment, net	<u>\$ 44,695</u>	<u>\$ (12,759)</u>	<u>\$ -</u>	<u>\$ 31,936</u>

RESOURCES FOR INDEPENDENT LIVING, INC.

Notes to the Financial Statements

For the Year Ended September 30, 2009

Note 6 – Operating Leases

RIL has operating leases for office space at its New Orleans and Baton Rouge locations. The lease for office space for the New Orleans and Baton Rouge locations expires at June 30, 2010 and January 30, 2014, respectively.

Future minimum lease payments under these operating leases are:

<u>Year Ended September 30</u>	<u>Amount</u>
2010	\$ 41,307
2011	27,000
2012	28,800
2013	29,700
2014	7,425
	<u>\$ 134,232</u>

Rent expense for the year ended September 30, 2009 was \$70,349.

Note 7 – Notes Payable

The following is a summary of notes payable at September 30, 2009:

Business line-of-credit with a limit of \$35,000 with a local bank at the interest rate of 6.25%. The line-of-credit is personally secured by a former employee.

\$ 8,375

Unsecured 5% note payable to a private foundation due in monthly installments of \$500, including interest.

6,851

Total

\$ 15,226

Note 8 – Risk Management

RIL is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage for the year ended September 30, 2009.

RESOURCES FOR INDEPENDENT LIVING, INC.

Notes to the Financial Statements

For the Year Ended September 30, 2009

Note 9 – Mortgages Receivable

According to an agreement with the City of New Orleans, **RIL** received in prior years HOPE III federal grant funds which were used to acquire, rehabilitate, and resell single-family homes to low-income families. **RIL** holds restricted second mortgages on the loans advanced to these qualified home buyers. These second mortgages are non-interest bearing. No payments are made on the principal and in the seventh year, begin a fourteen year schedule of forgiveness. Since the likelihood that **RIL** will realize any material value from sales of properties is remote, no amount of mortgages receivable is reported in the financial statements of **RIL** at September 30, 2009.

Note 10 – Contingency

RIL is the recipient of grant funds from various federal and state agencies. The grants are governed by various guidelines, regulations, and contractual agreements. The administration of the programs and activities funded by the grants are under the control and administration of **RIL** and are subject to audit and/or review by the applicable funding sources. Any grant funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

Note 11 – Prior Period Adjustment

Beginning net assets balance at September 30, 2008, was restated as follows:

Net assets at September 30, 2008, as previously reported	\$ 202,073
<i>To record the correction of prior year accounts receivable and revenues</i>	<u>7,860</u>
Net assets at October 1, 2008, as restated	<u>\$ 209,933</u>

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT PERFORMED IN
ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

Melvin L. Davis
Certified Public Accountant

(A Limited Liability Company)
P. O. Box 73360 • Baton Rouge, Louisiana 70874
Phone (225) 774-4703 • Fax (225) 774-4509

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Resources for Independent Living, Inc.
Kenner, Louisiana

I have audited the financial statements of **Resources for Independent Living, Inc. (RIL)**, a nonprofit corporation as of and for the year ended September 30, 2009, and have issued my report thereon dated March 14, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered **RIL's** internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **RIL's** internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of **RIL's** internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects **RIL's** ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of **RIL's** financial statements that is more than inconsequential will not be prevented or detected by **RIL's** internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by **RIL's** internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether RIL's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management, Board of Directors, the Legislative Auditor for the State of Louisiana, state and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Legislative Auditor as a public document.

Melvin L. Davis

Baton Rouge, Louisiana
April 14, 2010

RESOURCES FOR INDEPENDENT LIVING, INC.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2009

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statement Audit

- Type of auditor's report issued: Unqualified

- Material weakness(es) identified? _____ Yes x No

- Significant deficiency identified that are not
 considered to be material weaknesses? _____ Yes x No

- Noncompliance material to financial
 statements noted? _____ Yes x No

RESOURCES FOR INDEPENDENT LIVING, INC.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2009

B. FINDINGS – FINANCIAL STATEMENT AUDIT

No matters reported.

RESOURCES FOR INDEPENDENT LIVING, INC.
Schedule of Prior Year Findings and Questioned Costs
Year Ended September 30, 2009

FINDING – FINANCIAL STATEMENT AUDIT

Finding 08-01 – Submission of Audit Report

Recommendation

Recommend that RIL review its financial reporting procedures to ensure that audited financial statements are submitted to the State of Louisiana Legislative Auditor within the required time frame.

Response: Resolved